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eligible candidate in your district may be placed in nomination, but only those nominated by banks in your particular group can be voted on by your district reserve elector. Each group will elect independently one Class A and one Class B director. When your bank has by appropriate action of your board of directors selected its candidates you are requested to certify their names promptly to the organization committee on the forms inclosed herewith for that purpose. When nominations have been received by the organization committee, ballots will be prepared showing all nominees of each group, and these will be immediately mailed to the electors of each group so that a vote may be taken as soon as possible. All nominations should be returned to the Committee within ten days after receipt of enclosed forms so that elections may be proceeded with. Failure to send in nominations will be construed as indicating that your bank does not desire to nominate candidates. When the ballots are received by the electors, each elector will indicate on the respective ballots his first, second and third choices for Class A, and first, second and third choices for Class B director. When this has been done, each ballot must be returned in a sealed envelope to the organization committee, and in order that the spirit of the Act may be fully complied with and that the voting may be free from any improper influence, it is not the purpose of the committee to make public the individual vote of any elector, but only the result as required by the statute.

Subject to these instructions, the banks have chosen and indicated to the reserve bank organization committee properly designated electors. The next step—that of transmitting to each elector a complete list of nominations accompanied by ballot for voting on the proposed names—will obviously require some time, and, pending the development of official action in the regular course of things, the banks have in practically every district held the equivalent of a nominating convention for the purpose of designating candidates for the directoral places. In some districts conflicting conventions of this kind have been held, with the result that two or more "tickets" have been placed in the field. In the main, however, there has been a very substantial degree of harmony of action regarding the whole question. A tabulation of the recognized candidates now in the field in the several districts gives the following results:

RECOGNIZED CANDIDATES FOR RESERVE BANK DIRECTORATES

FIRST DISTRICT—BOSTON

Class A

GROUP I

Class B

F. W. ADAMS, cashier Merchants' National Bank, Bangor, Me.	H. J. BROWN, Portland, Me.	
		W. MURRAY CRANE, Dalton, Mass.

Class A

ALFRED L. AIKEN, president Worcester National Bank, Worcester, Mass.

THOMAS P. BEAL, president Second National Bank, Boston.

Class B

CHARLES A. MORSE, treasurer Simplex Wire and Cable Co., Boston.

GROUP II

WILLIAM A. GASTON, president National Shawmut Bank, Boston.

H. H. BOWMAN, president Springfield National Bank, Springfield, Mass.

M. F. DOOLEY, president National Exchange Bank, Providence, R.I.

E. A. MORSE, Proctor, Vt.
J. M. PRENDERGAST, Boston.

HENRY B. SARGENT, New Haven, Conn.

GROUP III

A. M. HEARD, president Amoskeag National Bank, Manchester, N.H.

E. C. JOHNSON, president National Exchange Bank, Hartford, Conn.

C. G. SANFORD, president First National Bank, Bridgeport, Conn.

E. O. SMITH, Storrs, Conn.
CHARLES G. WASHBURN, Worcester, Mass.

RALPH C. WATROUS, Providence, R.I.

SECOND DISTRICT—NEW YORK

GROUP I

WILLIAM WOODWARD, president Hanover National Bank, New York City.

HENRY R. TOWNE, president Yale & Towne Mfg. Co., New York City.
E. H. OUTERBRIDGE, of Harvey & Outerbridge, New York City.

GROUP II

ROBERT H. TREMAN, president Tompkins County National Bank, Ithaca, N.Y.

J. C. LEGGETT, president Cuba National Bank, Cuba, N.Y.

F. F. PEABODY, president Cluett, Peabody & Co., Troy, N.Y.
W. BREWSTER, president Brewster & Co., carriage manufacturers, Long Island City, N.Y.

W. B. THOMPSON, manufacturer, broker, and mine owner, Yonkers, N.Y.

GROUP III

F. D. LOCKE, vice-president Manufacturers & Traders National Bank, Buffalo, N.Y.

D. D. WOODARD, president Granville National Bank, Granville, N.Y.

WILLIAM G. VARY, president of the State Grange, Watertown, N.Y.

LESLIE R. PALMER, ex-president First National Bank of Croton-on-Hudson, N.Y., but now engaged in business.

THIRD DISTRICT—PHILADELPHIA

Class A

GROUP I

Class B

CHARLES J. RHOADS, vice-president
Girard Trust Company, Phila-
delphia, Pa. A. B. JOHNSON, president Baldwin
Locomotive Works, Philadelphia.

GROUP II

D. BARRY, cashier First National
Bank, Johnstown, Pa.

WILLIAM G. COXE, president Harlan
& Hollingsworth, corporation, Wil-
mington, Del.

W. H. PECK, president Third National
Bank, Scranton, Pa.

C. EDW. MURRAY, president Empire
Rubber Co., Trenton, N.J.

JOSEPH WAYNE, JR., vice-president
Girard National Bank, Phila-
delphia, Pa.

EDWIN S. STUART, of Leary, Stuart
& Co. (booksellers), Philadelphia.

GROUP III

JOSEPH MOORE, JR., president
National Bank of Northern Lib-
erties, Philadelphia, Pa.

H. G. PARKER, president National
Bank of New Jersey, New Bruns-
wick, N.J.

GEORGE H. STEWART, president Val-
ley National Bank, Chambersburg,
Pa.

M. J. MURPHY, cashier Traders
National Bank, Scranton, Pa.

FOURTH DISTRICT—CLEVELAND

GROUP I

THOMAS H. WILSON, vice-president
First National Bank, Cleveland,
Ohio.

HARRY COULBY, president Pittsburgh
Steamship Co., Cleveland, Ohio.

CHARLES A. PAYNE, president
National City Bank, Cleveland,
Ohio.

HENRY M. GARLICK, president Stand-
ard Oil Co., Youngstown, Ohio.

ROBERT W. WARDROP, president
Peoples National Bank, Pitts-
burgh, Pa.

THOMAS A. COMBS, building con-
tractor, Lexington, Ky.

WILLIAM S. ROWE, president First
National Bank, Cincinnati, Ohio.

Class A

GROUP II

Class B

W. A. GRAHAM, cashier Citizens' National Bank, Sidney, Ohio. E. L. McCCLAIN, farmer and capitalist, Greenfield, Ohio.
C. H. BAGLEY, gas engine manufacturer, Covey, Pa.

GROUP III

STACY B. RANKIN, private banker, South Charleston, Ohio. A. B. PATRICK, business man, Saylersville, Ky.

FIFTH DISTRICT—RICHMOND

GROUP I

WALDO NEWCOMER, president National Exchange Bank, Baltimore. GEORGE SEAY, business manager, Richmond, Va.

GROUP II

COLONEL J. F. BRUTON, president First National Bank, Wilson, N.C. D. R. COKER, merchant and farmer, Harrisville, N.C.

GROUP III

EDWIN MANN, president First National Bank, Bluefield, W.Va. J. F. OYSTER, wholesale produce dealer, Washington, D.C.

SIXTH DISTRICT—ATLANTA

GROUP I

WHITEFORD COLE, director Fourth National Bank, Nashville, Tenn. E. P. KENDALL, president Florida Cotton Oil Co., Jacksonville, Fla.
L. P. HILLYER, vice-president American National Bank, Macon, Ga. MARTIN AMOROUS, capitalist, Atlanta, Ga.

GROUP II

E. W. LANE, president Atlantic National Bank, Jacksonville, Fla.

F. W. FOOTE, vice-president First National Bank of Commerce, Hattiesburg, Miss.

MCCLAIN TILTON, president First National Bank, Pell City, Ala.

SEVENTH DISTRICT—CHICAGO

GROUP I

GEORGE M. REYNOLDS, president Continental & Commercial National Bank, Chicago, Ill. R. D. CLARKE, of Clarke Bros., whiskey warehousemen, Peoria, Ill.
J. V. FARWELL, dry goods merchant, Chicago, Ill.

Class A

GROUP II

Class B

JAMES B. FORGAN, president First JOHN B. FORD, president Michigan
 National Bank, Chicago, Ill. Alkali Co., Detroit, Mich.
 M. B. HUTCHINSON, Ottumwa, Iowa.

GROUP III

E. L. JOHNSON, president First WILLIAM BUTTERWORTH, president
 National Bank, Waverly, Iowa. Deere & Co., plow and implement
 J. D. ROUNDS, president Citizens' manufacturers, Moline, Ill.
 National Bank, Des Moines, Iowa.

EIGHTH DISTRICT—ST. LOUIS

GROUP I

WALKER HILL, president Mechanics- MURRAY CARLETON, of the Carleton-
 American National Bank, St. Louis, Ferguson Dry Goods Co., St. Louis,
 Mo. Mo.

GROUP II

F. O. WATTS, president Third Na- W. B. PLUNKETT, grocer, Little
 tional Bank, St. Louis, Mo. Rock, Ark.

GROUP III

OSCAR FENLY, president National EX-SENATOR LEROY PERCY, agri-
 Bank of Kentucky, Louisville. culturist, Greenwood, Miss.

NINTH DISTRICT—MINNEAPOLIS

GROUP I

E. W. DECKER, president North- F. R. BIGELOW, president St. Paul
 western National Bank, Minne- Fire & Marine Ins. Co., St. Paul,
 apolis, Minn. Minn.

GROUP II

GOVERNOR L. B. HANNA, president F. P. HIXON, director in Security
 First National Bank, Page, N.D. National Bank, Minneapolis; resi-
 dence La Crosse, Wis.

GROUP III

A. C. BASSETT, vice-president Na- NORMAN B. HOLTER, Helena, Mont.
 tional Bank of Webster, S.D.

TENTH DISTRICT—KANSAS CITY

GROUP I

GORDON JONES, president United M. L. MCCLURE, president Kansas
 States National Bank, Denver, City Live Stock Exchange, Kansas
 Colo. City, Mo.

Class A

GROUP II

Class B

W. J. BAILEY, vice-president Ex- THOMAS C. BYRNE, merchant
 change National Bank, Atchison, Omaha, Neb.
 Kan.

GROUP III

C. E. BURNHAM, president Norfolk L. A. WILSON, farmer, Elreno, Okla
 National Bank, Norfolk, Neb.

ELEVENTH DISTRICT—DALLAS

GROUP I

E. K. SMITH, vice-president Com- FRANK KELL, capitalist, Wichita
 mercial National Bank, Shreveport, Falls, Tex.
 La.

GROUP II

OSCAR WELLS, vice-president First MARION SANSON, cattleman, Fort
 National Bank, Houston, Tex. Worth, Tex.

GROUP III

B. A. MCKINNEY, cashier First J. J. CULBERTSON, cottonseed broker,
 National Bank, Durant, Okla. Paris, Tex.

TWELFTH DISTRICT—SAN FRANCISCO

GROUP I

C. K. McINTOSH, vice-president Bank A. B. C. DOHRMANN, of the Dohr-
 of California, National Association, mann Commercial Co., San Fran-
 San Francisco, Cal. cisco, Cal.

GROUP II

JAMES K. LYNCH, vice-president First J. A. McGREGOR, president Union
 National Bank, San Francisco, Cal. Iron Works, San Francisco.

GROUP III

ALDEN ANDERSON, president Capital ELMER H. COX, of the Madera Flume
 National Bank, Sacramento, Cal. & Trading Co., Madera, Cal.

This tabulation shows that in the large majority of instances the candidates selected to represent not only the larger and medium-sized banks but also the smaller institutions have been chosen from among officers or directors of the larger banks and from among business concerns of the higher capitalization. In other words, the working of the Federal Reserve Act has not thus far resulted in the nomination of men identified with the several groups of banks which they are to represent in the directorates of the reserve institutions. Whether this tentative

outcome (which seems to be practically certain to be made effective through the actual election of directors of the kinds already referred to) is due to general recognition on the part of bankers that the representatives of the smaller institutions are not well fitted for these appointments or whether it is due to the exertion of some "undue influence" by the banks of the larger groups cannot be positively asserted. The fact itself is, however, decidedly noteworthy.

THE RECURRING CENSUS PROBLEM

The condition of the United States Census Bureau is again alarming scientific students of statistics, and is proving the occasion of many recommendations to the federal administration with reference to the most available methods for use in restoring the bureau to a basis of efficiency. Subsequent to the virtual removal of the head of the bureau at the opening of the Wilson administration, there was a return to the old idea of placing in charge of the organization a man without statistical knowledge or experience. Director Harris who took charge at the request of the President has lately resigned after less than a year of actual service, and the problem of selecting a new director is again under consideration, the issue of a scientific as against a political head being thus renewed. During the administration of Mr. Harris, the bureau has continued to sink in prestige and has now been reduced to the general level of other bureaus in the Department of Commerce, its head being practically stripped of authority and possessing little or no influence with Congress. Hardly any funds have been in his hands for direct use in statistical investigation subject to his own plans and ideas, the bureau thus becoming entirely routine in its work. Partly in consequence of these restrictions, it has lost a number of its most capable statistical experts and is probably in the weakest condition that has characterized it since it was placed upon a permanent basis. Reforms were introduced into the management upon the recommendation of a commission of census experts which inquired into the condition of affairs in November, 1913, but these reforms could not attain their object unless the process of reorganization and improvement were continued. It is now more than ever apparent that the publication of the results of the census of 1910 is practically out of the question, and the lapse of more than a year since the removal of the director under whose supervision they were gathered has greatly lessened their value, even as compared with the value they then possessed, except from the mere standpoint of statistical continuity with former censuses.

The phases of the census question which are now most seriously considered are as follows:

- a) The question whether to make the census bureau once more a temporary organization which shall come into existence every ten years for the purpose of carrying through the census of that period, or whether to retain it upon a permanent basis.
- b) The question whether to continue the bureau under the charge of the Department of Commerce (assuming that the idea of permanence be accepted) or to establish it upon an independent basis as the main statistical office of the nation.
- c) The question whether to give to the bureau general appropriations to be used by the head of the organization in carrying on statistical work planned by himself through the agency of experts to be selected by him on the basis of known competency, or to keep it upon a footing of routine duty with appropriations strictly limited by law and confined to the payment of clerical salaries.
- d) The question whether to appoint a scientifically trained statistician as the head of the census or to continue the plan of placing in charge a man of "executive" (political) ability.

It will be seen from what has been said that the present position of the census is regarded as exceedingly precarious and unsatisfactory. That is in fact the case. Representatives of various scientific bodies interested in improving American statistics have recently been in consultation here with reference to the situation. It is understood that formal representations will be made to the President in the near future with a view to inducing him to consider the census issue with greater seriousness, to the end that the wretched conditions existing in the bureau today may be improved or terminated. That such a step should be taken is the prevailing opinion among those who are most interested in obtaining better statistical work. Any permanent and far-reaching rectification is of course dependent upon legislative action, inasmuch as the existing census act establishes conditions of operation which are largely responsible for the present state of affairs. In order to get such legislation the President would have to apply his personal influence to the task, owing to the disfavor into which the bureau has fallen. There seems to be little sentiment in favor of the old conditions under which the census was a mere political machine, insubordinate to discipline and constantly intriguing with Congress for the purpose of enhancing its own importance, but the opinion is also clearly recognized that develop-

ments of the past year have carried the bureau rather too far in the opposite direction.

REGULATING WATER CARRIERS

As a result of the lengthy investigation into shipping conditions carried on during the past year and a half, and already fully reviewed in these pages, Chairman J. W. Alexander of the House Committee on Merchant Marine and Fisheries has just introduced in the House of Representatives a bill (confidential print, June 12, 1914), embodying some of the results of the committee's report on the shipping situation. If the bill proposed by Mr. Alexander should become law, it will, in many respects, rival the Interstate Commerce act in importance, since it will subject carriers by water to somewhat the same kind of restrictions and oversight that are provided by the Interstate Commerce law. Mr. Alexander, in recommending the measure, calls attention to the fact that "it is the almost universal practice for steamship lines, both in the foreign and domestic trade, to operate under written agreements, conference arrangements, or gentlemen's understandings, which have for their purpose the control of competition between conference lines or between them and non-conference lines," and he goes on to describe the purpose of his bill as being "to preserve to shippers, through effective government control, the advantages which can be secured only by permitting the several carriers in any given trade to co-operate through some form of rate and traffic arrangements and at the same time prevent the abuses" which were found to exist. The bill provides that all deferred rebate arrangements, whether in export, import, or interstate trade, shall be illegal, and requires that full copies of all agreements, understandings, and conference arrangements, as well as all subsequent modifications and cancelations thereof, must be filed for approval with the Interstate Commerce Commission. When these documents have been filed, the Commission is required to approve or disapprove them, and has authority to order any agreement canceled or modified. Agreements which have been approved by the Commission are exempted from the penalties of anti-trust laws. The Commission is further given complete authority to supervise all traffic or rate associations to which any common carrier by water may be a party either directly or indirectly. Discrimination of all kinds, such as rebating, the granting of unfair preferences, discrimination, false billing, false classification, and the like, is made unlawful. The so-called "fighting ships," which have been kept

in commission by various lines for the purpose of using them to drive out of business any vessel that may be placed upon a given run by a non-conference line, are forbidden; foreign and domestic carriers are likewise prohibited from refusing or threatening to refuse accommodations when these are available, as well as from inducing or influencing any marine insurance company or underwriter to discriminate against a competing carrier. The Commission is given authority to prescribe just and reasonable rates and charges in the interstate trade by water whenever it is of opinion that any rates charged by a carrier are too high, and it is also empowered to determine reasonable maximum rates as well as to investigate complaints of every kind originating with shippers by water. One of the features of the bill that will probably attract most attention is the section intended to apply to international trade in which it is specified that "the Interstate Commerce Commission is empowered to order canceled or modified any agreement, understanding, conference or arrangement, or any part thereof, that it may find discriminating or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or that it may find to operate to the detriment of the commerce of the United States, or that may be in violation of this act." In order to enforce the inclusive and drastic provisions of the law the Commission is authorized (in the event that its findings are upheld by a court of competent jurisdiction), to enforce the penalty to which the carrier is subject under the act, by preventing the vessels belonging to such carrier from clearing from any port of the United States. A penalty of \$25,000 is imposed upon any vessel that may clear from such port in contravention of the law and that may thereby violate the provisions of a judgment or decree rendered in accordance with the terms of the enactment.

The Alexander bill will not be passed at the current session of Congress, but will undoubtedly afford the basis for another sharp campaign for the regulation and control of industry after the anti-trust bills have been placed on the statute books. This contest will occupy practically the whole of the coming winter, and if successful will extend the powers now exercised by the government over land carriers to water carriers as well, whether in domestic or foreign trade.

THE SHREVEPORT RATE DECISION

In handing down a decision in the so-called Shreveport rate case (June 8, 1914), the Supreme Court of the United States has settled a long-standing controversy that is of very great importance to the

shipping world and has determined certain fundamental points which were left obscure by the decision in the Minnesota rate case. The point where obscurity chiefly existed was found in the relation between the rate-making powers of the states and the federal government in those instances where a conflict existed owing to the lack of harmony between the decisions of a state rate-making commission and those of the Interstate Commerce Commission. The Shreveport rate case came to the Supreme Court from the Commerce Court, which had decided the case on April 25, 1913, and had originally received it through an appeal by the Texas & Pacific Railway Co. from an order of the Interstate Commerce Commission requiring that road to maintain its interstate rates between Shreveport, Louisiana, and Dallas, Texas, and intermediate points, notwithstanding that it had been ordered by the railroad commission of Texas to make lower rates within the latter state. Interstate rates from Shreveport to Dallas are much higher in proportion than the state rates from Dallas to the intermediate points in the state of Texas, the effect being to prevent Texas firms from artificially extending their business outside of the state. The Commerce Court held that the commodity rates within the state of Texas which had been prescribed by the Texas commission were unreasonably low, that the Texas commission had imposed upon the railway lower rates than it should rightfully receive, and that it was therefore within the power of the Interstate Commerce Commission to make an order requiring the Texas & Pacific Railway to ignore the intrastate rates fixed by the Texas commission. This position is now upheld by the Supreme Court of the United States through Justice Hughes, who delivered the unanimous opinion of the tribunal. The verdict amounts to saying that the right of a state to control the movement of its internal commerce and the instrumentalities employed in such movement are not unlimited. Justice Hughes remarks with reference to the gravity of the question presented "that this nation could not prosper if the instrumentalities of commerce are to be subject to a multiplicity of regulations by state and local authorities." There was never any doubt on the part of anyone connected with the Shreveport rate case that Congress had ample power to prevent or remove such a discrimination as had been established in favor of shippers from Texas and against shippers from Louisiana by the Texas Railroad Commission. The point mainly urged was that Congress had not exerted its power to the extent necessary to reach this particular kind of discrimination and that therefore the Interstate Commerce Commission's order should be set aside because in excess of its authority. Of course, the difficulty

with this view is found in the fact that Congress had expressly stated in the third section of the Interstate Commerce Act that it should be unlawful for any common carrier subject to the provisions of the act to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or to any description of traffic in any respect whatever, or to subject them to any undue or unreasonable prejudice or disadvantage. This is the provision which was described by Judge Knapp in his opinion on behalf of the Commerce Court as constituting so strong an expression that it would be difficult to frame a more comprehensive or unqualified declaration. Taken in conjunction with the Minnesota rate case, the Shreveport decision seems effectually to settle the line of demarkation between the powers of the federal government and those of the several states in respect to the control of railway rates. The settlement arrived at greatly confirms and strengthens the power of the Interstate Commerce Commission and makes its rulings at every point superior to those of state commissions, save in so far as the latter may apply to purely local traffic originating and ending within a given state and by no possibility constituting an element in interstate commerce.

YIELD OF THE INCOME TAX

The first tolerably complete figures for the yield of the income tax for the past fiscal year have been made public by Secretary of the Treasury McAdoo. They show that the returns for the fiscal year will amount to scarcely more than \$31,000,000, or about \$23,000,000 less than was estimated when the tariff act of 1913 was adopted. In considering these figures, it should, however, be borne in mind that they relate to a period of only ten months, inasmuch as taxpayers were directed to report their income from March 1, 1913, to the end of the calendar year. If \$31,000,000 represents ten-twelfths of the yield of an ordinary year, the normal annual income-tax revenue from individuals on the present basis would be approximately \$37,200,000. Another correction to be applied to the figures grows out of the well-known fact that the first year of every income tax is a period of subnormal yield, owing to evasions and honest misunderstandings concerning the meaning of the law. The corporation tax levied in 1909 produced only about 80 per cent of normal during its first year, the subsequent revenue being enhanced through the establishment of complete rules and regulations for administration and through the prosecution of concerns disposed to evade the law. If a like experience is had with the individual income tax,

it would appear that the gross revenue ultimately to be expected might run from \$46,000,000 to \$50,000,000. The latter figure is probably the maximum that can be hoped for in any future full fiscal year, wealth and income standing as they do today in the United States. That there will be a slow growth as wealth and income increase is, of course, to be taken for granted.

These facts signify that the income tax has proved a very serious disappointment, practically repeating the inference as to yield that was drawn in the experience of 1894. Indeed, when the immense growth of wealth during the past two decades is considered, the probable scanty yield of the income tax is very much more surprising now than it was at that time. It is evident that the complete figures when published will show a situation not dissimilar to the English experience. In Great Britain it has been found that the number of incomes above £1,000 a year is very small when measured as a percentage of the total number. The figures showing British experience, as is well known, were before the legislators who framed the income-tax sections of the tariff law, as were many figures designed to show the relative amounts of taxable wealth in the two countries. After much fruitless study, intended to demonstrate the far greater frequency of very large incomes in the United States, those who were engaged in the computation were obliged to admit that they had not succeeded in proving their point and that all the evidence pointed toward the existence of a condition in the United States similar to that recognized as being characteristic of Great Britain. Despite the evidence in the case, it was broadly claimed during discussions in Congress that the yield of the income tax would unquestionably be very much greater here than abroad, owing to the many very large incomes. Upon this assumption were built the preliminary estimates ranging from \$50,000,000 to \$75,000,000 for the first year's yield, which must now be compared with a probability of \$30,000,000 to \$40,000,000. Although the tariff duties are proving about as productive as was indicated by the estimates, while internal revenue is slightly larger than had been predicted, expenses have been much greater than it had been assumed they would be, so that the Department of the Treasury at the end of the fiscal year will be in a decidedly less satisfactory condition than had been thought likely. In consequence, the resort to new methods of raising revenue will probably become necessary, and thus will be forced to the front at an unexpectedly early date the question whether it is possible to make the income tax a genuine revenue resource instead of a mere political ornament, such as it now bids fair to be. The low yield of the

tax has convinced many that very little can be expected from a flat increase in the rate of levy upon the higher incomes, or through the establishment of a more markedly progressive gradation of rates. This leaves the alternative of lowering the exemption from \$4,000 to some point that will permit the application of the rates to the great body of persons in moderate or "comfortable" circumstances. Such a reduction would be a direct reversal of the theory upon which, it was supposed, the income tax was originally framed. The intent at the outset was announced as being that of relieving those classes upon whom the weight of indirect taxation now chiefly falls, by transferring the burden to recipients of the higher salaries and of the larger incomes from invested property. Alternative with such a reversal will be the expedient, now widely urged, of imposing a duty on tea, coffee, or beer, or upon all, with a possible resort to stamp taxes as a supplementary resource.